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March 23, 1965

MEMORANDUM

TO: The Secretary of Defense
Special Assistant to the President for National Security
Director, CIA ✓
Director, USIA
Under Secretary of State
Administrator, AID
Under Secretary of State for Economic Affairs
Ambassador-at-Large Harriman
G - Mr. Thompson
DOD/ISA - Mr. McNaughton
Chairman, JCS - General Wheeler (via Mr. McNaughton)
AID - Mr. Gaud
AID - Mr. Poats
White House - Mr. Cooper
USIA - Mr. Bunce
CIA - Mr. Colby

FROM: FE - William P. Bundy *WTB*

SUBJECT: Highlight Conclusions of the Far East Mission Chiefs' Conference

Attached, for your personal use and for information only, are the highlight conclusions of the Far East Mission Chiefs' Conference which took place at Baguio in the Philippines, March 9-11, 1965. These conclusions were discussed in draft with the Mission Chiefs, but no effort was made to go over them line by line. They thus reflect the consensus of a group of responsible individuals, and do not attempt to form a comprehensive or fully authoritative statement of policy.

Attachment: Top Secret -- Highlight Conclusions of Conference.

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FAR EAST MISSION CHIEFS' CONFERENCE
BAGUIO, MARCH 9-11, 1965

HIGHLIGHT CONCLUSIONS

General

1. The basic elements of our current Far Eastern policy are sound.
2. U.S. conduct in the Viet-Nam conflict is not only crucial in itself, but is regarded as a touchstone of the U.S. commitment in the rest of the area. Initiation of air action against North Viet-Nam has been generally regarded as demonstrating a previously questionable U.S. determination. Many countries believe, however, that the pace of U.S. actions must be further stepped up and our goals further spelled out if our policy is to be clearly understood by both our enemies and our friends.
3. While clear evidence of U.S. determination and power is perhaps the foremost current need, there is an almost equal need to make clear that the U.S. is acting in support of the interests and desires of the countries of the area themselves. Asian nationalism is growing and often intemperate, and there are as yet scattered indications of anti-Americanism and of a tendency to think of American actions in "imperialist" or, in a few countries, in racial terms. To meet these factors, the U.S. must on every occasion identify its actions with the interests of the local governments and must weigh the effectiveness of specific U.S. action, particularly in the military field, against any possible appearance that the U.S. is acting solely for its own interest and is taking over the situation beyond the desires of the local Asian government. *
4. There is a dangerous shortfall in military assistance funds for the Far East, producing seriously adverse effects in both the security and political fields. Viet-Nam needs must be met without regard to cost, but the policy of doing this, on the military assistance side, out of existing MAP totals has produced serious and continuing inadequacy in military assistance funds particularly for Korea and Thailand, and to a

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* While this paragraph was generally endorsed, it was considered to apply with extra force to reactions in Indonesia and Cambodia, but conversely to reflect a concern not significantly felt in Thailand and Malaysia. The force of the attitudes stated clearly varies substantially within the area.

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lesser extent for the GRC. Military assistance for these countries should be funded at a level which will maintain the effectiveness of their forces, particularly now that the threat from Communist China is increasing. The additional appropriations required for this purpose are very small compared with the perhaps \$15 billion used to support our own forces in the Far East.

5. No major changes in the alliance structure for the area now appear desirable. A knitting together of the bilateral security arrangements with Japan, Korea and the GRC into a Northern Security framework is not now feasible. Although SEATO is not operative as such, except for purposes of military planning, it is still useful politically. Further consideration should be given to possible expansion of ANZUS as a consultative mechanism or (perhaps alternatively) to whether SEATO might be tightened by the withdrawal of France and/or Pakistan.

6. On the economic side, the Asian Development Bank should be supported. A U.S. initiative for a Southeast Asian development organization would serve a highly useful purpose in defining "peace aims" for the area, but there are a number of difficulties that must be faced before this is advanced beyond the point of a very general statement.

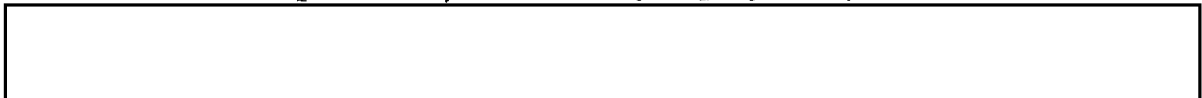
7. If the Viet-Nam situation should go badly, major additional actions would be required at high cost. Thailand would be the first focal point, but there would be a need for substantial strengthening action, both for practical and psychological effect, in many other nations. This would specifically include MAP and might include a new and hard look at revisions of the alliance structure.

SPECIFIC COUNTRIES AND AREAS

Southeast Asia

1. Third-country assistance to Viet-Nam continues to be important both in showing widespread international support for the South Viet-Nam Government in its struggle and in sharing the burden being carried by the U.S. However, the Philippine political situation is so confused it is doubtful we can get much help from them.

2. Thailand deserves a priority second only to Viet-Nam. Major increases in U.S. personnel, or military deployments, are not now indi-



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3. As to Laos we should try to hold the situation roughly as it is.

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4. There is little we can do but hang on in Cambodia and attempt to retain the best position we can in Burma. Sihanouk's anti-American policy can be expected to return to a truer neutralism if our efforts in Viet-Nam bear fruit.

East Asia

1. An ROK-Japan settlement is more nearly in sight than ever and needs every U.S. support we can usefully give.

2. Japan's external role both in economics and in defense will be a crucial factor as it evolves over the next 3-5 years. We should encourage Japan to move forward to a full alliance with the United States. This major objective should be given full consideration in our statements and actions concerning the rest of the Far East, in our economic relations with Japan, and in our handling of the Ryukyuan problem.

3. The Korean situation is marked by an underlying lack of self-confidence and particularly requires the assurance, and the fact, of adequate military assistance levels. This is not the time to consider any reduction of U.S. forces except for the gravest reasons of use elsewhere in the area.

4. In the GRC, there is a significant problem of confidence in the outcome of the situation in Southeast Asia as well as in the future of its own international position. On ChiRep in the UN, any U.S. shift to a two-Chinas position would require careful handling with the GRC, but the latter might now accept such a position if it were clear that this would in fact mean its continued presence in the UN and the exclusion of Peiping. It is not likely that Chiang will forfeit his claim for eventual control of Mainland China. GRC combat forces should not be considered for Viet-Nam, but additional military technicians might be acceptable without serious Chinese Communist reaction.

Communist China

1. Present U.S. policies are generally sound, although we should continue to look at such possibilities as trade in medicines and broadened travel regulations, with the expectation that Communist China would reject these measures and thus expose its own basic hostility.

2. Recognition

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2. Recognition of Outer Mongolia might have advantages, including the tendency to widen the Sino-Soviet split. However, the GRC would have to be carefully handled to avoid a sharp impact on its presently shaky confidence.

Southwest Pacific

1. We should try to keep a presence in Indonesia to the extent Indonesian actions permit. We must play for the long term even though our present influence will be extremely limited. We should remain alert and retain the utmost flexibility in our capacity to respond to sudden changes in this fast-moving situation.

2. Our present policies in Malaysia and the Philippines are generally sound, leaving Malaysia largely to the British. In handling the stagnant Philippine situation, we should try to minimize friction points and perhaps pursue some limited initiatives in terms of assisting in the restructuring of the Philippine defense posture and also in Food for Peace and other programs in rural development.

3. Our relations with Australia and New Zealand are sound, but will require continuing very close consultation, as well as efforts to find mutually acceptable formulae on the meat, wool and dairy products trade. We should continue to further the increasingly responsible policy of both countries toward the area as a whole, stressing particularly our growing defense relationships.

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